

SECRET

MEMORANDUM FOR: Mr. McCona

In response to your request for written comments on queries with regard to the National Intelligence Estimate on Cuba, I am pleased to inform you that the Department of State Officers who have reviewed the Estimate generally find it a well-balanced, sober analysis of the Cuban situation, which adequately covers the main points of interest to Departmental policy officers.

With respect to Cuban economic prospects (paragraph 35), it has been noted that the main emphasis is placed upon the unlikelihood of significant improvement during the remainder of 1962 and for 1963. Since the Cuban economy is still to a large extent based upon existing free world equipment and in view of the probable reduction in foreign exchange earnings which would enable Cuba to purchase free world new equipment or replacement parts, the question has been raised as to whether we could reasonably look to further deterioration of the Cuban economy during this period.

U. Alexis Johnson
Deputy Under Secretary

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY John DATE 3-21-88
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